

## Message Text

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ORIGIN EB-08

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COME-00 INR-10 LAB-04 NSAE-00 SP-02 STR-07  
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FM SECSTATE WASHDC  
TO AMEMBASSY TOKYO PRIORITY  
INFO AMEMBASSY LONDON PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: ITC DECISION ON SUGAR IMPORTS

REF: STATE 89781

FOR ASSISTANT SECRETARY KATZ

1. INTERNATIONAL TRADE COMMISSION MET IN OPEN SESSION APRIL 10 TO CONSIDER RECOMMENDATIONS TO PRESIDENT REGARDING SUGAR. COMMISSION HAD EARLIER DECIDED THAT SUGAR IMPORTS WERE INTERFERING WITH DOMESTIC SUGAR PRICE SUPPORT PROGRAM. THIS SESSION CONSIDERED SPECIFIC RECOMMENDATIONS.

2. COMMISSIONERS MINCHEW, ALBERGER, BEDELL, AND PARKER (A 2/3 MAJORITY OF COMMISSION) INDICATED THAT THEY WILL MAKE ESSENTIALLY THE SAME RECOMMENDATION TO THE PRESIDENT ON APRIL 17. THEIR RECOMMENDATION WILL BE THAT A SECTION 22 FEE OF 3.6 CENTS PER POUND (NOT TO EXCEED 50 PERCENT AD VALOREM)  
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BE IMPOSED ON RAW SUGAR IMPORTS. IF AT ANY TIME THE SIMPLE AVERAGE U.S. PRICE FOR RAW SUGAR, AS DETERMINED BY THE SEC. OF AGRICULTURE, DROPS MORE THAN ONE PERCENT BELOW THE SUPPORT PRICE "AS ADJUSTED FOR INTEREST AND STORAGE CHARGES PER POUND ACCRUING UNDER THE SUPPORT PROGRAM" FOR MORE THAN TWENTY DAYS, THE PRESIDENT SHOULD ESTABLISH QUOTA LIMITATIONS. ALL FOUR SUPPORTED QUOTAS ON A COUNTRY-BY-COUNTRY

BASIS, BUT WITH VARYING DEGREE OF SPECIFICITY. IF PRESIDENT LATER DETERMINES THAT WORLD PRICE HAS STABILIZED OVER 7.3 CENTS PER POUND, PRESIDENT SHOULD TAKE ACTION TO REDUCE FEES AS NEEDED TO ACHIEVE 14.4 CENT PRICE OBJECTIVE (OR ANY ADJUSTED PRICE OBJECTIVE THAT MAY LATER BE DETERMINED). ALL FOUR COMMISSIONERS RECOMMENDED REFINED SUGAR QUOTA OF 40,000 TONS PER YEAR.

3. COMMISSIONERS DID NOT REACH AGREEMENT ON QUOTA LEVEL. PARKER AND BEDELL SUPPORTED 1978 QUOTA OF 3.1 MILLION TONS WITH QUOTAS OF 4.275 MILLION TONS FOR SUBSEQUENT YEARS. MINCHEW AND ALBERGER DID NOT SPECIFY QUOTA LEVEL AT THIS TIME.

4. COMMISSIONER ABLONDI WILL RECOMMEND 4.7 MILLION TON ANNUAL QUOTA ALLOCATED BY AUCTION. COMMISSIONER MOORE WILL RECOMMEND COUNTRY QUOTAS SET AT 3.1 MILLION IN 1978 AND 4.275 MILLION TONS THEREAFTER.

5. UNCLEAR EXACTLY WHAT ACTION WILL BE RECOMMENDED ON SUGAR CONTAINING PRODUCTS BUT QUANTITATIVE LIMITS WILL PROBABLY APPLY TO MOST CATEGORIES.

6. COMMENT: PRIMARY CONCERN OF FOUR MAJORITY COMMISSIONERS WAS TO ASSURE REDEMPTION OF SUGAR NOW IN LOAN  
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PROGRAM AND TO PREVENT NEW SUGAR FROM ENTERING. MAJORITY DETERMINED THAT 14.4 CENT LEVEL WAS SUFFICIENT TO AVOID NEW LOANS IF USDA RAISES SUPPORT LEVEL TO ABOUT 14.25 CENT RANGE. 14.4 CENT LEVEL WOULD ALSO ASSURE REDEMPTION OF CURRENT LOANS. WITH REVISED FEE, MAJORITY COMMISSION RECOMMENDATION MEANS THAT QUOTAS WOULD BE TRIGGERED WHEN WORLD PRICE FELL BELOW ABOUT 7.3 CENTS PER POUND. ONCE QUOTAS WERE TRIGGERED, THEY CAN BE SUSPENDED ONLY BY PRESIDENTIAL ACTION.

7. COMMISSIONERS RESERVED RIGHT TO REVIEW THEIR FINDINGS AS DRAFTED BY ITC STAFF AND MAKE MODIFICATIONS AND ADDITIONS BEFORE RECOMMENDATIONS FORMALLY SUBMITTED TO PRESIDENT APRIL 17. VANCE

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## Message Attributes

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